CANADIAN SECURITIES ADMINISTRATORS

2009 Enforcement Report

CSA ACVM

The Canadian Securities Administrators

The Canadian Securities Administrators (CSA) is the council of the 10 provincial and three territorial securities regulators in Canada. The CSA is primarily responsible for developing a harmonized approach to securities regulation across the country.

The mission of the CSA is to facilitate Canada's securities regulatory system, providing protection to investors from unfair, improper or fraudulent practices and to promote fair, efficient and transparent capital markets, through the development of harmonized securities regulation, policy and practice.

By collaborating on rules, policies and other programs, the CSA also seeks to streamline the regulatory process for companies that wish to raise investment capital and individuals and companies working in the investment industry. In enforcement matters, CSA members coordinate multi-jurisdictional investigations and share tools and techniques that help CSA staff investigate and prosecute securities law violations in the face of rapidly advancing technology.

In these ways, the CSA strives for effectiveness through collaboration and responsiveness.

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RESPONSIVE

Responsive enforcement acts quickly and appropriately to cases of misconduct.

COLLABORATIVE

Collaborative enforcement can prevent misconduct from spreading across borders and promote efficiency across jurisdictions.

EFFECTIVE

Effective enforcement strengthens public confidence in Canadian capital markets.

2009

$19 million

in assets frozen by Canadian securities regulators.

77

reciprocal orders were issued.

141

cases were concluded.

Message From The Chair

Jean St-Gelais
Chair, CSA

Stories about investment fraud moved from the financial pages to the front pages of the newspaper in 2009, as an increasing number of Ponzi schemes were exposed during the financial crisis. Several high profile matters made headlines because of the number of people impacted, whether directly or indirectly, and the amount of money at stake. However, cases that attract media coverage represent only a small portion of the enforcement activity undertaken by Canadian securities regulators in 2009. This report seeks to improve public understanding of how CSA members fit into the broader enforcement mosaic in Canada.

Securities law offences are not victimless. They cause harm to people and seed doubt about the security and fairness of our financial systems. Fostering confidence in the capital markets is an essential component of effective securities law enforcement, because a lack of confidence affects Canadian families and their retirement plans.

> EARLY INTERVENTION TO PREVENT HARM IS A PRIORITY FOR CSA ENFORCEMENT TEAMS.

Early intervention to prevent harm is a priority for CSA enforcement teams. As the results in this report demonstrate, we are using the enforcement tools available to us, such as interim cease trade orders and freeze orders, in an attempt to disrupt activities that have the potential to harm investors. In this way we strive to deliver responsive enforcement.

Canadian securities enforcement continues to be highly collaborative, both across the country and abroad. Enforcement staff from each of the CSA member jurisdictions work closely with their colleagues in other jurisdictions, with law enforcement agencies, and with self-regulatory organizations (SROs) to extend their reach across borders and mandates.

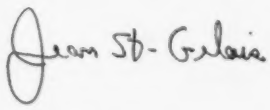
In 2009, the asset-backed commercial paper (ABCP) case was a good example of collaborative work between different jurisdictions and SROs resulting in the settlements profiled on page 11.

As we enter 2010, Ponzi schemes have come under even greater focus by securities regulators. Similarly, boiler rooms – in which teams of people use the phone or internet to solicit investors using aggressive sales techniques – remain an area of focus for us. Many too-good-to-be-true opportunities were exposed as scams during the economic downturn of late 2008 and 2009, making Canadians more wary and careful about how they invest their money.

CSA members are responding to these challenges through both new enforcement initiatives and enhanced communications efforts. Plans for 2010 include work on a multi-jurisdictional investigation and prosecution protocol, and specialized staff training in targeting illegal insider trading and market manipulation. Enforcement and communications teams are working together on developing proactive ways to inform the public of emerging scams and potential issues.

While the vast majority of investment opportunities are legitimate, our communications efforts urge investors to exercise caution when approached with an investment opportunity. The CSA and its members have been working to make information available on their websites, enabling Canadians to verify the registration of an individual or a company that is offering investments. In Fall 2009, we launched the National Registration Search function on the CSA website, which provides information on registered persons in Canada. The CSA and its members also publish a national list of disciplined persons that provides an additional information resource for investors.

Securities law enforcement is complex and ever-changing. In the pages of this report, we have profiled some of our more noteworthy and interesting cases from 2009. We demonstrate that securities enforcement in Canada is responsive, collaborative and effective by telling the story of what we do and how we do it.



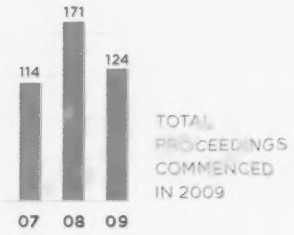
Jean St-Gelais
Chair, CSA

2009 Results

This section presents three years worth of data in several enforcement categories, including the number of proceedings commenced and concluded, and interim cease trade, asset freeze and reciprocal orders. The number of enforcement cases and the amount of penalties vary considerably from year to year, depending on the size and scope of individual cases and many other factors. Results should be viewed in aggregate; increases or decreases in numbers in any one category should not be viewed necessarily as a trend.

Proceedings Commenced

Proceedings commenced are cases where Commission staff have filed a statement of allegations or have sworn an Information before the courts (or in Québec, where a statement of offence has been served on the defendant), any of which allege wrongdoing. Many of the proceedings commenced in 2009 were still underway at the end of the year, and in such cases, decisions have yet to be rendered. The 124 total proceedings commenced in 2009 include 154 individuals and 112 companies. By comparison the 171* total proceedings commenced in 2008 included 247 individuals and 127 companies.



*2008 results have been restated to reflect consistency in data collection methodology.

Concluded Cases

CSA members concluded 141 cases in 2009, involving 160 individuals and 103 companies. By comparison, the 123 concluded cases in 2008 involved 193 individuals and 129 companies. The tables below provide more detail about these cases and how they were concluded. Each case is counted just once, even if more than one person or company was sanctioned in a single case.

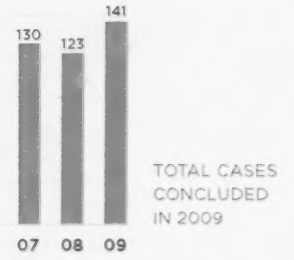
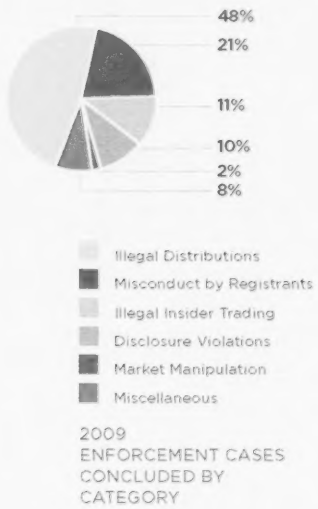


Table 1 shows completed Canadian enforcement cases, by category of violation, for 2007, 2008, and 2009. Illegal distributions (distributing securities without registration or a prospectus) continue to form the largest category of violation.

Table 1: Enforcement Concluded Cases by Category*

Type of Offence	2007	2008	2009
Illegal Distributions	70	65	68
Misconduct by Registrants	15	30	29
Illegal Insider Trading	7	8	16
Disclosure Violations	14	11	14
Market Manipulation	6	4	3
Miscellaneous	18	5	11
Total	**130**	**123**	**141**

* Reciprocal orders and interim cease trade orders have not been counted in this table.



2009 ENFORCEMENT CASES CONCLUDED BY CATEGORY

Table 2 provides a breakdown of how cases were concluded, whether by a tribunal decision, a settlement agreement with a CSA member, or a court proceeding under securities legislation. All concluded cases are listed in the appendix of this report.

Table 2: How Cases Were Concluded

Concluded Cases	2007	2008	2009
Contested hearing before a tribunal	54	55	37
Settlement agreement	45	40	69
Court proceeding (under securities legislation)	31	28	35
Total cases concluded	**130**	**123**	**141**

HOW 2009 CASES WERE CONCLUDED

Penalties

The sanctions imposed for securities law violations or conduct that is contrary to the public interest range from bans on future activity, such as trading securities or acting as a director or officer of a public company, to financial penalties and jail terms. Table 3 outlines monetary orders imposed by securities regulators and the courts in 2009 and includes settlements. In 2009, $153,673,008 was ordered in fines and administrative penalties and $5,678,413 was ordered in costs; by comparison, in 2008, $12,469,117 was ordered in fines and $1,578,439 was ordered in costs. In addition to monetary orders, courts in Ontario and Québec ordered jail terms for four individuals, ranging from 30 days to 30 months.

Table 3: 2009 Monetary Penalties and Settlements

	Fines/ Administrative Penalties	Costs Ordered	Restitution, Compensation and Disgorgement
Illegal Distributions	$ 30,833,925	$ 303,145	$ 21,131,933
Misconduct by Registrants*	$ 106,186,510	$ 2,023,268	$ 1,280,695
Illegal Insider Trading	$ 1,769,744	$ 351,000	$ 1,675,056
Disclosure Violations	$ 14,454,329	$ 2,955,000	$ 68,100,000**
Market Manipulation	$ 3,000	$ 15,000	$ 18,641
Miscellaneous	$ 425,500	$ 31,000	$ -
Total	**$ 153,673,008**	**$ 5,678,413**	**$ 92,206,325**

* Five respondents agreed to pay $104,425,000 in administrative penalties and $1,775,000 in investigations costs as part of the ABCP settlement agreements. See the ABCP case summary on page 11.

** Three respondents from Research In Motion Ltd. (RIM) agreed to pay $68,100,000 as part of one settlement agreement with the Ontario Securities Commission (OSC). See the RIM case summary on page 16.

Restitution, compensation and disgorgement are powers available in specific circumstances to some regulators or courts under securities legislation. Restitution is a remedy that aims to restore a person to the position he or she would have been in had it not been for the improper conduct of another. Compensation is a payment to an aggrieved investor to compensate for losses, either in whole or in part. Compensation orders by CSA members totaled $1,601,995 in 2009. Disgorgement is the payment to the regulator of amounts obtained as a result of a failure to comply with or a contravention of securities laws. Disgorgement orders by CSA members totaled $22,504,330 in 2009.

Legislation provides for a statutory right of appeal of both tribunal and court decisions, and securities regulators expend significant resources responding to appeals. In most cases, appeals are brought by respondents, although occasionally a CSA member will appeal a court decision. As well as the appeals of decisions included in the table below, procedural appeals are also quite common as cases proceed through the enforcement system.

Table 4: Appeals

Appeals	2007	2008	2009
Cases appealed	10	26	12
Appeal decisions rendered	10	15	11*

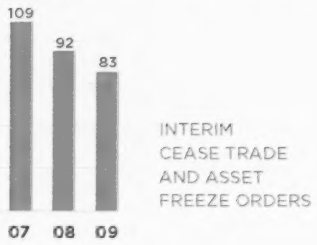
* Four decisions were overturned upon appeal and seven were upheld.

Preventive Measures

As the chart to the right illustrates, CSA members continue to use measures such as interim cease trade and asset freeze orders to protect investors by prohibiting a potentially illegal activity while an investigation is underway.

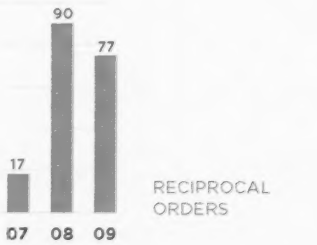
Under the 83 interim orders and asset freeze orders issued in 2009, trading restrictions were placed on 127 individuals and 106 companies. In 2008, that number was 92 interim orders and asset freeze orders, and trading restrictions were placed on 168 individuals and 112 companies.

Asset freeze orders are used by securities regulators to prevent the dissipation of assets pending completion of an investigation. In some cases, regulators can apply to the court to appoint a receiver to manage assets that have been frozen to ensure an orderly distribution of assets back to investors. In 2009, CSA members froze 64 bank accounts relating to 29 individuals and 24 companies, representing a total of $19,112,009 in assets.



Reciprocal Orders

Reciprocal orders are used by securities regulators in some jurisdictions to prevent individuals and companies who have been sanctioned elsewhere from carrying on their conduct in another jurisdiction. The use of reciprocal orders demonstrates the CSA's commitment to strengthen investor protection and enforcement coordination across Canada.



The sharp increase in the number of reciprocal orders in 2008 reflects the fact that several jurisdictions gained the authority to use such orders for the first time in 2007 and 2008.

Cases Concluded By SROs

Self-regulatory organizations (SROs) are an important part of the enforcement mosaic in Canada. Three of the key SROs, as overseen by CSA members, are the Investment Industry Regulatory Organization of Canada (IIROC), the Mutual Fund Dealers Association of Canada (MFDA), and the Chambre de la sécurité financière (CSF). These three organizations concluded 97 enforcement cases in 2009, compared with 55 in 2008.*

* A court decision likely impacted the number of cases concluded by SROs in 2008 and 2009. In July 2008, the Ontario Divisional Court ruled in the Taub case that the Investment Dealers Association of Canada (now part of IIROC), did not have the jurisdiction to take disciplinary proceedings against former Approved Persons in Ontario. As a result, IIROC and the MFDA adjourned all proceedings against former Approved Persons in Ontario while the decision was appealed. In August 2009, the Court of Appeal of Ontario reversed the Divisional Court's decision, thereby confirming the jurisdiction of the SROs. Enforcement proceedings previously interrupted by the Ontario Divisional Court decision have since resumed.

Illustrative Case Summaries

This section describes the main categories of securities law violations and presents selected case summaries to illustrate the type of activity that constitutes each category of violation. Cases often fall into more than one category, and many of the categories can include elements of fraud (deception intended to result in financial or personal gain). Also included are summaries of cases prosecuted in the courts, examples of cases that demonstrate collaboration among CSA jurisdictions, and cases that highlight proactive measures taken to protect investors.

The summaries include cases concluded in 2009 (by way of a contested hearing before a tribunal, a settlement agreement, or a proceeding before a court), as well as some case proceedings that commenced in 2009 but have not yet been concluded.

Proceedings commenced are cases where a statement of allegations has been filed, an Information has been sworn before the courts, or a statement of offence has been served on a defendant, any of which allege wrongdoing. A decision has yet to be rendered in these cases.

Illegal Distributions

Illegal distributions are by far the most frequent type of securities law violation seen by securities regulators across Canada. An "illegal distribution" is a sale of securities to investors that does not comply with securities law trading and disclosure requirements.

A prospectus is a document that describes the investment and the associated risks to the investor. Registration with regulators is required of anyone in the business of advising or trading in securities, unless certain exemptions are provided.

In cases of illegal distribution, investors are often promised guaranteed or unrealistic returns on an investment. Illegal distributions of securities sometimes involve Ponzi schemes. These fraudulent schemes pay returns to initial investors from funds provided by subsequent investors. The schemes eventually collapse because there is usually no underlying asset and the perpetrator is ultimately unable to make payments to investors.

Illegal distributions can also involve affinity fraud, a common type of investment scam that targets members of identifiable groups, such as religious or ethnic communities, the elderly, or professional groups. The fraudsters who promote affinity scams frequently are - or pretend to be - members of the group, whereby they exploit the trust and friendship that exist in a shared community.

Concluded cases

In the Manna case, a B.C. Securities Commission (BCSC) panel found that four B.C. residents perpetrated a "deliberate and well-organized" fraud in a Ponzi scheme that resulted in the loss between 2005 and 2007 of more than US$10 million by more than 800 investors in B.C. and elsewhere. The individuals in question fraudulently used the investments of subsequent investors to fund the promised returns to earlier investors and to pay

> "Nothing strikes more viciously at the integrity of our capital markets than fraud, and this case represents a particularly aggressive and flagrant assault on the public's confidence in our markets."
>
> - *BCSC panel, ruling on the Manna case*

commissions to the affiliates and consultants through Manna Trading Corp Ltd., Manna Humanitarian Foundation, Legacy Capital Inc. and Legacy Trust Inc. Hal (Mick) Allan McLeod, David John Vaughan, Kenneth Robert McMordie (also known as Byrun Fox), and Dianne Sharon Rosiek violated securities laws by trading in securities without being registered and distributed securities without filing a prospectus. They made misrepresentations to investors about how their money would be invested, the returns investors could expect, and the risk associated with the investments. The four individuals have been permanently banned from B.C.'s capital market and were ordered to pay $26 million in penalties and disgorge $16 million for operating a Ponzi scheme.

Pyramid schemes, which date from the 1920s, still claim victims today. The illegal schemes are based on the practice of exchanging money for enrolling other people into the scheme, often without any product or service being delivered. In Québec's Nicole Doré case, a judge concluded that this pyramid scheme was actually an investment contract, and thus subject to the *Securities Act* (Québec). This means that the person leading the pyramid scheme is considered a securities dealer. Doré, who was not registered with the Autorité des marchés financiers (AMF) as a securities dealer, encouraged clients and friends to invest in a private program called "La Moisson." Some of the victims put money into the pyramid network and their money was lost. Doré was found guilty on nine counts of pursuing activities as a securities dealer without being registered as such with the AMF, and of making misrepresentations by stating that the investments were guaranteed. In May 2009, she was ordered to pay $25,000 in penalties.

> "Ms. Doré cannot explain the decision of investors in terms of friendship. To begin with, she was doing business with two of them, and she attracted their support based on her profession as a dealer as well as her investment knowledge and skills . . . At the very least, her conduct led them to believe as much, and her conduct certainly appeared to be ambiguous. This type of attitude helped dupe 'her friends'."
>
> – *The Honourable Judge Jean-François Dionne, Court of Québec, ruling on the Doré case*

Proceedings commenced

In June 2009, the OSC laid charges against Weizhen Tang, the Oversea Chinese Fund Limited Partnership, and Weizhen Tang & Associates for securities fraud, trading without registration, illegal distribution and making prohibited undertakings with the intention of effecting securities trades. Staff of the OSC allege that between 2006 and 2009, more than 140 investors from Ontario, the United States and China invested more than $50 million in units of the Oversea Chinese Fund. Tang allegedly told investors that they would receive a one per cent weekly return on their investment, and that only one per cent of the investment would be traded while the other 99 per cent would be kept in a safe investment. Tang also allegedly promised investors that he would not charge fees for returns of less than six per cent, but would charge a 25 per cent "incentive fee" for returns of more than six per cent. It is further alleged that a portion of the investors' funds was used to make various investments using online internet brokerage accounts. Tang allegedly provided statements to investors indicating returns on their investment, when Oversea was losing money and many investor withdrawals from an Oversea inflated account were being paid out from new investor funds because there was no income from the trading to cover withdrawals. The OSC and AMF also worked together to freeze assets in Québec in this case.

Investors who are taken in by these illegal distributions seldom recover their money. As well as shutting down illegal distribution schemes, CSA members also work to educate investors on how to recognize and avoid suspicious or fraudulent investments by way of provincial and territorial securities regulator websites, brochures and advertisements.

Misconduct by Registrants

Any person or company in the business of advising or trading in securities in Canada must be registered under the securities laws of each Canadian jurisdiction in which they conduct this activity, unless an exemption is provided in legislation or by order from the securities regulators. Misconduct by registrants occurs when a registered person or company violates securities laws. It is also misconduct to fail to register when required to do so, or to fail to adhere to the conditions of a registration exemption. There were a number of interesting cases in 2009 in which individual and/or corporate registrants were found to have failed to act in the manner required under securities regulation.

Concluded cases

The cases relating to a joint investigation of the Canadian non-bank sponsored ABCP market are noteworthy, as several financial institutions agreed to pay financial penalties for failing to respond adequately to emerging issues in this market. In addition, proceedings were commenced against two other corporations related to the ABCP market.

In December 2009, the AMF, OSC and IIROC reached settlements with eight financial institutions in connection with the regulators' joint investigation into the non-bank sponsored ABCP market, which seized up in 2007 and left investors holding illiquid investments. Six of these institutions are registrants. The settlements provided for the payment of a total of $138.77 million in administrative penalties and investigation costs, as follows:

Institution	Regulator	Amount Obtained
National Bank Financial Inc. (NBF)	AMF	$ 75,000,000
Scotia Capital Inc. (Scotia)	IIROC	$ 29,270,000
Canadian Imperial Bank of Commerce and CIBC World Markets Inc. (CIBC/CIBCWM)	OSC	$ 22,000,000
HSBC Bank Canada (HSBC)	OSC	$ 6,000,000
Laurentian Bank Securities Inc. (Laurentian)	AMF	$ 3,200,000
Canaccord Financial Ltd. (Canaccord)	IIROC	$ 3,100,000
Credential Securities Inc. (Credential)	IIROC	$ 200,000

In addition, each institution agreed to an independent compliance review or verification of its fixed income department undertaken by an outside consultant.

NBF, Scotia, CIBC/CIBCWM, HSBC and Laurentian failed to respond adequately to emerging issues in the third-party ABCP market, as they continued to buy and/or sell without engaging compliance and other appropriate processes for assessing such issues. In particular, they did not disclose to all their clients an email dated July 24, 2007, from Coventree Inc. – the largest sponsor of ABCP in Canada – providing the subprime exposure of each Coventree ABCP conduit. Credential and Canaccord failed to take adequate steps to ensure that their Approved Persons understood the complexities of the third-party ABCP and, in not taking these adequate steps, did not ensure that the purchase of third-party ABCP was appropriately understood by their clients.

These settlements highlight the close collaboration between CSA members and an SRO who worked together in the public interest to respond to the securities regulatory issues arising from the non-bank sponsored ABCP market seizure in August 2007.

Also in 2009, two proceedings related to ABCP were commenced. The OSC is alleging that Coventree and two senior officers failed in their disclosure obligations. IIROC is alleging that Deutsche Bank Securities Limited failed to deal fairly, honestly and/or in good faith with its clients.

In December 2009, the OSC sanctioned Watt Carmichael Inc. and three of its senior officers, Roger D. Rowan, Harry J. Carmichael, and G. Michael McKenney, relating to discretionary trading in the securities of Biovail Corporation by Rowan, who was also a director of Biovail. The OSC found that Rowan failed to file insider trading reports with respect to trades he executed in Biovail securities that were held in client trust accounts, that he failed to disclose to Biovail the number of Biovail securities held in the trust accounts over which he exercised control or direction, and that he traded in Biovail securities in the trust accounts during Biovail's blackout periods. The Commission also found that Watt Carmichael Inc., Carmichael and McKenney failed to adequately supervise Rowan's trading. The three respondents were ordered to pay administrative penalties totalling $1,220,000 and costs of $140,000, and received, amongst other sanctions, bans on acting as directors or officers of a registrant and other registration restrictions. Watt Carmichael Inc. was ordered to undergo a compliance review. The decision is under appeal by the respondents. Of particular note, this case also included a constitutional challenge, as the respondents argued that the administrative penalty provisions under the *Securities Act* (Ontario) infringed the Canadian Charter of Rights and Freedoms. The Commission dismissed the challenge.

> "Our order reflects the seriousness of the securities law violations that occurred in this matter, and imposes sanctions that will not only deter the Respondents but also like-minded people from engaging in future conduct that violates securities law."
>
> – *OSC decision on the Watt Carmichael case*

In 2009 there were two noteworthy cases in Nova Scotia and Manitoba in which prominent financial institutions reimbursed investors for losses incurred when their advisers pursued inappropriate investment strategies with clients. Registered securities dealers have many responsibilities to their clients, and Canadians rely heavily on their financial advisers to give advice appropriate to their individual portfolios and financial situations. Financial institutions also have a responsibility to supervise their employees adequately and ensure that the appropriate procedural checks and balances are in place to protect investors.

In Nova Scotia, **Investors Group Financial Services Inc.** (IGFS) acknowledged securities law violations relating to its failure to supervise one of its salespeople and the office in which the salesperson worked. After a complaint triggered an internal review of the person and office in question, files showed deficiencies in record keeping, suitability and the use of leverage strategies. IGFS failed to ensure that its employee and branch office followed both IGFS policies and procedures and those of the MFDA. In the settlement, IGFS reimbursed the complainant $68,000 for losses and costs, and agreed to pay the Nova Scotia Securities Commission (NSSC) an administrative penalty of $40,000 and $2,500 in costs.

The Manitoba Securities Commission (MSC) responded to a complaint from an investor who had lost money after receiving unsuitable advice from a **National Bank Financial** adviser. Following up on this case, the MSC found that the adviser had pursued a high-risk investment strategy including risk arbitrage, short selling and leveraging without his client's understanding, and contrary to his client's low to medium risk tolerance. As well, the branch manager and the firm's head office overlooked incomplete client records and trading activity by the adviser that was inconsistent with the client's stated risk tolerance. The settlement agreement in the case assessed administrative penalties of $5,000 against the adviser, $10,000 against the branch manager and $20,000 against National Bank Financial, plus costs. As well, the respondents were ordered to reimburse the investor for financial loss in the amount of $78,000.

A final interesting case in this category is that of **Hampton Securities Limited**, which demonstrates how important it is that registrants file financial documents in a timely manner. Canadian securities law requires securities dealers and advisers to file documents like annual financial statements and auditors' reports within 90 days after the end of their financial year. Hampton failed to provide the AMF with five required documents over 24 months, even after numerous reminders. In a precedent-setting decision on January 27, 2009, the Bureau de décision et de révision en valeurs mobilières (BDRVM) ordered Hampton to pay $33,000 in administrative penalties, the highest amount ever charged for failing to comply with mandatory filing of financial documents with the AMF.

Proceedings commenced

In October 2009, BCSC staff issued a temporary order and notice of hearing against Sung Wan (Sean) Kim, a director and registered salesperson at Cirplus Futures Inc. – a Vancouver-based exchange contracts dealer. The order prohibited Kim from trading securities and exchange contracts or conducting investor relations, and suspended his registration.

The notice of hearing alleged that Kim was involved in raising funds from at least 15 investors, some of whom tried unsuccessfully to get their money back. It also alleged Kim provided at least one investor with a letter that carried a likeness of the BCSC logo bearing the signature of an individual who has never worked at the commission. The notice alleged Kim told at least some investors that their money would be invested in U.S. T-bills and they would receive interest of 32.4 per cent annually or returns of three per cent per month on their investments. Kim is also alleged to have told investors to give their investment funds to him personally and that he would pool their money.

BCSC staff acted quickly to issue a widespread public alert about the Kim investigation, including placing advertisements in local Korean newspapers, as part of efforts to seek information from people who may have invested with Kim. Korean translators were also provided to assist callers on a toll-free telephone line.

Registration requires that advisers meet minimum educational standards, deal fairly and honestly with clients, and that dealers comply with business and conduct rules.

Illegal Insider Trading

Illegal insider trading involves buying or selling a security of an issuer while possessing undisclosed material information about the issuer, and includes related violations such as 'tipping' information and trading by the person 'tipped.' Material information can include everything from financial results to executive appointments to operational events.

Concluded cases

Illegal insider trading is sometimes perpetrated by people who have access to undisclosed material information of an issuer through their employment with a service provider such as a consulting firm.

In an insider trading case that also illustrates inter-jurisdictional cooperation, both the Alberta Securities Commission (ASC) and AMF settled with Fadi Hurani, who used his position as an IT support analyst with TD Securities Inc. in Calgary to access confidential information and personal e-mails related to issuers. Armed with that information, Hurani then executed trades in the securities of those issuers through a relative's account in Montréal, earning profits of approximately $118,000. To settle the allegations against him, Hurani paid $236,946, plus $20,000 in investigation costs, which were paid in equal portions to the ASC and AMF. Hurani also undertook to cease trading

in securities for seven years. This case of virtually looking over the shoulders of others illustrates the importance of organizations securing undisclosed material information, whether it is transferred electronically, physically or in conversation. In this case, the company did have processes in place to safeguard information, which is why the ASC and AMF took action against the individual offender, not against TD Securities.

In a similar case of insider trading on the basis of access to electronic files, Rajeev Thakur admitted to committing illegal insider trading while he was employed as Director of Outsourcing Strategies for Celestica Inc. where he had access to material information on the company's finances. Mr. Thakur used this confidential information, and information gained by his unauthorized access to the e-mail addresses of all Celestica employees, including senior management, to make a series of trades in Celestica securities which resulted in a profit of approximately $642,056. In settling with the OSC, Mr. Thakur disgorged $642,056 to the Commission and paid an administrative penalty of $481,542, plus $25,000 in costs. In addition, Mr. Thakur was permanently prohibited from acting as an officer or director of any registrant or issuer, and was required to cease trading in securities permanently, with some limited exceptions for mutual fund accounts.

In a case of illegal insider trading by a company executive, the BCSC settled with John Gregory Paterson, the former president and CEO of Southwestern Resources Corp. In the settlement agreement, Paterson admitted to committing fraud when he entered false project results about a gold mining operation into the company's database and allowed that false data to be reported in 24 news releases between March 2003 and February 2007. The insider trading occurred on July 16, 2007, when Paterson sold 50,000 Southwestern shares for net proceeds of $298,239, at a price of $5.96 per share. When selling the shares, he did so with the knowledge that Southwestern would have to issue a news release correcting project results for the mining operation. Three days later, Southwestern announced the errors in the previously reported project results, and the shares closed on the Toronto Stock Exchange at $2.90. Paterson therefore avoided a one-day loss of approximately $153,000.

> "Paterson admitted to committing fraud when he entered false project results about a gold mining operation into the company's database and allowed that false data to be reported in 24 news releases..."
>
> – *BCSC panel, ruling on the Paterson case*

In the settlement with the BCSC, Paterson, a geologist, was permanently stripped of the ability to act as a Qualified Person – an individual who prepares mining-related disclosure for issuers – and was banned, with limited exceptions, from trading securities or acting as a director or officer of a reporting issuer. In addition, he is permanently prohibited from engaging in investor relations activities or acting in a management or consultative capacity in connection with activities in the securities market. A monetary payment was not part of the BCSC settlement as Paterson had voluntarily contributed all of his assets in the settlement of lawsuits commenced by Southwestern and shareholders.

Illegal insider trading erodes investor confidence. For markets to operate with integrity, investors must have confidence that everyone has access to the same information when making trades. This is not the case when an insider trades illegally with the benefit of information that has not yet been publicly disclosed. CSA members and IIROC collaborate through special surveillance units that monitor trading activities, regardless of transaction size, to identify any patterns that may indicate illegal insider trading.

Disclosure Violations

Confidence in the capital markets requires confidence in the accuracy of the information, or 'disclosure,' that companies provide about their business activities. Timely, accurate and complete financial statements are the core of good disclosure practice.

Concluded cases

In January 2009, the OSC settled with **Research In Motion Ltd. (RIM)** and certain of its officers and directors. RIM is a well known reporting issuer with its head office in Ontario; its shares trade on the Toronto Stock Exchange and Nasdaq. Over a 10-year period, RIM's stock options granting practices were inconsistent with the terms of its stock option plan and with its public disclosure, including prospectuses, financial statements, annual reports, and management information circulars. The settlement involved RIM, its co-CEOs, James Balsillie and Mike Lazaridis, the CFO, Dennis Kavelman, another officer and four directors. Balsillie, Lazaridis and Kavelman undertook to contribute a total of $68.1 million to RIM to reimburse RIM for investigation costs paid by RIM and for amounts RIM would not have received for its shares due to underpriced options. Also, the OSC ordered administrative penalties of $8 million, payments of $1,050,000 towards the costs of the Commission's investigation and, for certain of the respondents, reprimands and restrictions on acting as a director or officer of a reporting issuer. RIM was ordered to submit to a review of its practices and procedures by an independent consultant hired by RIM and agreed to by Staff of the Commission.

> "Timely and accurate reporting of material information is one of the primary means by which securities regulators ensure fair and efficient capital markets for all investors. Senior management has direct responsibility for disclosure matters but the board has oversight responsibility."
>
> – *OSC panel, ruling on the RIM case*

In Alberta, the **High Plains Energy Inc.** case illustrates that company disclosure must not contain exaggerations about company performance. Five directors and three executives at High Plains Energy misled the market by distributing news releases between July 2005 and January 2006 that contained misleading and untrue statements inflating the company's oil and gas production rates while the company was pursuing a merger. Although the Chief Financial Officer informed the directors and management of the misleading information in the news releases, the company failed to correct the statements in a timely manner. As a result, the five directors and two of the executives paid the ASC $230,000 in settlement and costs. Also, former president Bernhard Anderson was banned from serving as a director or officer of a company for seven years and ordered to pay a $100,000 administrative penalty and $20,000 in costs.

> "Anderson's misconduct certainly exposed High Plains investors to the risk of direct financial loss, and put at risk, more generally, investor confidence and market efficiency. This argues for significant sanction."
>
> – *ASC panel, ruling on the High Plains Energy case*

A common form of disclosure violation is the failure to disclose financial information correctly. In the case of CV Technologies Inc. (CV), now known as Afexa Life Sciences, the ASC reached a settlement with the company and a number of its former executives in 2009. In an August settlement agreement, CV acknowledged it breached continuous disclosure obligations to comply with Canadian Generally Accepted Accounting Principles (GAAP) by wrongly recognizing revenue from Cold-fX sales to U.S. retailers. Under the terms of the settlement, CV paid $400,000 in settlement and $40,000 in costs; and the company's former Chief Executive Officer, former Chief Financial Officer and three former audit committee members agreed to pay a total of $240,000 in settlement and $60,000 in costs. The former CEO and CFO also agreed not to act as directors or officers of any issuer for five and four years respectively, although the former CEO, was allowed to continue as the company's Chief Scientific Officer. In addition to disclosure breaches, other members of the company's management also faced allegations of illegal insider trading. The Vice-President of Communications settled with the ASC for $30,000 after admitting he had knowledge of the undisclosed material information when he sold over 90,000 shares of CV Technologies in December 2006.

Update from 2008

To update a disclosure case from the 2008 Enforcement Report, in 2009 the OSC approved settlement agreements with Biovail Corporation and three of its former senior officers in relation to filing financial statements that were not prepared in accordance with Canadian GAAP and/or making misleading public disclosure. The GAAP violations encompassed improper revenue recognition and failure to correct and disclose a material error contained in the 2003 financial statements. In approving the settlements, the OSC ordered that Biovail be reprimanded and pay an administrative penalty of $5,000,000, costs of $1,500,000 and agree to retain a consultant to review its financial reporting practices. The former Chief Financial Officer agreed to pay an administrative penalty of $250,000, to pay $50,000 in costs, was reprimanded and was prohibited from acting as a director or officer of a reporting issuer for a period of 8 years; the former Vice-President and Controller agreed to pay $30,000 in costs, was reprimanded and was prohibited from acting as a director or officer of a reporting issuer for a period of 3 years; and the former Vice-President and Head of Investor Relations agreed to pay $20,000 in costs, was reprimanded and was prohibited from acting as a director or officer of a reporting issuer for a period of 2 years.

The final respondent, former Chief Executive Officer Eugene N. Melnyk, faced allegations concerning Biovail's public disclosure announcing its failure to meet revenue guidance for Q3 of 2003. Mr. Melnyk is alleged to have authorized, permitted or acquiesced in misstatements concerning Biovail's failure to meet earnings guidance. A hearing regarding these allegations was completed in June 2009 and the decision is pending.

> "Disclosing false information into the marketplace sends the wrong signal to investors and misleads the market as a whole and this endangers the efficiency of the capital markets and damages investor confidence."
>
> – *OSC panel, ruling on the Biovail case*

Continuous disclosure review programs undertaken by CSA members work to ensure investors have accurate and timely information about public companies on which to base their investment decisions.

Market Manipulation

Market manipulation involves efforts to artificially increase or decrease a company's share price. Examples of market manipulation include pump and dump schemes, high closing activities and volume manipulation.

Concluded cases

Ontario's Illidge case relates to abusive trading practices and involved five respondents. In 2009, the last of the five respondents, David Cathcart, settled with the OSC. As the registered representative on accounts owned or controlled by John Illidge, Cathcart allowed himself to be used in connection with conduct that included controlling the market for a publicly-traded junior mining company, manipulating or attempting to manipulate the market price of the company, and engaging in trading for the purpose of creating a false appearance of trading volume and demand for shares of the company. Cathcart was permanently banned from acting as a registrant, officer or director of a reporting issuer, and received a five-year trading ban. Illidge, the president and CEO of the junior mining company, settled with the OSC in 2008 and admitted to engaging in the manipulative conduct described above. He was permanently prohibited from trading in any securities and permanently banned from acting as an officer or director of any issuer or registrant.

Proceedings commenced

Québec's Carrefour case is a good example of two investigative and enforcement bodies - the Royal Canadian Mounted Police's (RCMP) Integrated Market Enforcement Team (IMET) and the AMF - working together to dismantle an alleged market manipulation scheme. In this case, an investigation was launched after the AMF received complaints about an alleged scheme targeting Registered Retirement Savings Plan, Life Income Fund and Locked-in Retirement Account holders through classified ads offering financial assistance. In the ads, investors were allegedly promised up to 40 per cent of the value of their registered accounts, providing they transferred a substantial portion of their savings into a self-directed brokerage account which would then be handed over to the respondents of the case to manage. Once the investors handed over their access codes and passwords, the respondents would ostensibly manage the investors' accounts, but allegedly used the funds within to buy and sell shares in various pre-determined companies in order to drive up the share prices of these companies artificially. Then, when the stocks soared, the respondents would cash in the shares that they had previously bought at a lower price at a high price, leaving the stocks to plummet, to the detriment of the original investors left holding the stock.

> "Manipulation is a cancer afflicting stock markets, investors and society in general. Its effects are detrimental, and the BDRVM must act to stop this type of activity. It attacks the foundation and credibility of markets. It undermines the price setting mechanism for different financial instruments. Market manipulation is subject to the harshest penal sanctions under securities legislation; that is, imprisonment not exceeding five years less one day, pursuant to section 208.1 of the Securities Act."
>
> – *BDRVM, ruling on the Carrefour case*

After the AMF's initial investigation found evidence of criminal activity, the matter was referred to IMET, which then sought AMF's collaboration to seek a preventive asset freeze order. On December 7, 2009, at the request of the AMF, the BDRVM issued an ex parte order (at a hearing where the defendant was not present) prohibiting 16 different individuals and seven companies from pursuing activities as securities advisers or carrying out any securities transactions. The BDRVM also issued a freeze order of the assets, securities or funds held by the same individuals and companies. This matter is still pending before the BDRVM since the respondents have contested the orders.

Market manipulation most often occurs with companies that have limited trading volume. Prices are more easily manipulated when the shares are held by small numbers of investors.

Prosecution in the Courts

In certain Canadian jurisdictions, securities regulators are able to pursue charges related to securities law violations in the courts, where jail terms can be imposed upon conviction.

Concluded cases

B.C.'s Badshah case is an example of the BCSC's strategy to build stronger criminal investigation capacity in the province for financial crime. Because criminal convictions can help deter misconduct, certain BCSC staff members are dedicated to investigating cases criminally and referring them to Crown counsel to pursue criminal charges.

In November 2007, the BCSC issued a notice of hearing and a temporary order alleging that Anwar Badshah, the principal of Surrey, B.C.-based Badshah Communications Group Ltd., had distributed $2.2 million in promissory notes to more than 150 investors in an apparent Ponzi scheme. Investors were typically guaranteed 100 per cent returns but in the end lost their investments. BCSC staff conducted a criminal investigation into this case and prepared a brief for the Crown that led to criminal charges. In June 2009, Badshah pled guilty to criminal fraud and was sentenced by a B.C. provincial court judge in August to 18 months house arrest.

In Québec, Stevens Demers, president of Enviromondial Inc., is familiar to regulatory authorities, having been the subject of numerous court decisions and orders since January 2002. In August 2009, Demers was ordered to pay $1,097,500 and spend two and a half years in prison related to 346 infractions of the *Securities Act* (Québec) for illegally selling Enviromondial shares. Enviromondial acquired a patent – for a process used to transform waste into energy – from École Polytechnique de Montréal in 2005. In 2006, Enviromondial sold the patent to a Vanuatu company, and then to an American company, EIVC, at which time Enviromondial shareholders received EIVC shares as compensation for the patent. EIVC had no prospectus to provide information on the securities. In the judge's sentencing decision, he noted the seriousness of

> "The defendant is entirely responsible since he is the kingpin behind all the scheming that is behind the present accusations . . . The defendant's disdain for the rights of shareholders, for the laws of Québec governing securities and for the regulatory authorities overseeing these matters should not go unnoticed . . .
> Also noteworthy is the pursuit of illegal activity in spite of two convictions for similar offences that failed to induce him to respect the law and instead prompted him to seek ways to circumvent the law for his own purposes."
>
> – *The Honourable Judge Paul Chevalier, Court of Québec, ruling on the Demers case*

Demers' conduct, and the fact that Demers regularly used companies registered in foreign countries to elude Québec law. Even if a company that contravenes the *Securities Act* (Québec) is foreign, the fact that the alleged perpetrator is a Quebecker, the investors are Quebeckers and the company operates from Québec, gives the AMF jurisdiction to apply Québec law. It should be noted that both parties in this case are appealing the judge's ruling.

Manitoba's Conrad case is notable because MSC staff were able to use the findings of a court proceeding after the fact to obtain an order requiring compensation for investors. In 2007, Everett Conrad pled guilty in court to violating the *Securities Act* (Manitoba). The guilty plea covered 24 counts of trading securities of 3948731 Canada Inc., also known as Eco Age Metals & Minerals Inc., without being registered and without providing a prospectus. Conrad was sentenced by a Manitoba judge to a period of incarceration of six months followed by supervised probation with conditions for 12 months. The MSC subsequently held a hearing in 2009 which resulted in an order requiring Conrad to pay financial compensation to four investors in the amount of $123,800 plus costs. The hearing panel also ordered that Conrad be prevented from trading securities in Manitoba.

The courts play a distinct and important role in the enforcement of Canadian securities law. Courts may punish wrongdoers for misconduct, and may order penalties and jail terms in cases of contraventions.

Inter-Jurisdictional Collaboration

Collaboration among CSA members on enforcement activity takes many forms, from information sharing and joint investigations to joint hearings. It can also involve collaboration and cooperation with international regulatory bodies like the U.S. Securities and Exchange Commission (SEC). Many jurisdictions have statutory authority to use reciprocal orders to extend sanctions from one jurisdiction to another in order to prevent misconduct.

Concluded cases

Ontario's Grmovsek case is a prime example of collaboration and cooperation, not only among regulators, but also with Crown prosecutors locally and public prosecutors in the U.S. The OSC jointly investigated this matter with the SEC and an IMET from the RCMP in Toronto. The following agencies were also involved in the investigation: the Crown Law Office – Criminal (Ontario), IIROC, the U.S. Federal Bureau of Investigation, the United States Attorney for the Southern District of New York and the U.S. Financial Industry Regulatory Authority. In settling with the OSC, Grmovsek, a former lawyer, admitted to having engaged in an illegal insider trading scheme with another lawyer (now deceased) from 1996 to 2000 and from 2004 to 2008. During these time periods, the other lawyer practised at law firms in both New York City and Toronto, and he provided Grmovsek with material non-public information concerning pending corporate transactions involving securities publicly

listed in Canada and the United States. The trading scheme yielded profits of approximately U.S. $9 million. In settling with the OSC, Grmovsek was ordered to disgorge the proceeds he obtained from his unlawful conduct, and was permanently banned from trading and acting as a director or officer. He also pled guilty to criminal charges of insider trading, fraud and money laundering. This case is notable because it represents the first Canadian conviction of insider trading pursuant to the Criminal Code. In January 2010, Grmovsek was sentenced in Toronto to 39 months' imprisonment. He also pled guilty to criminal charges of conspiracy to commit securities fraud in the United States and has agreed to settle a complaint filed by the SEC.

In July 2009, an ASC panel issued an order against Global Petroleum Strategies, LLC, the operator of a boiler room in Florida. A classic "boiler room" scenario typically refers to a centre of activity – sometimes a physical call centre – where salespeople offer potential investors a "can't miss opportunity" using questionable, high-pressure sales tactics. In this case, Global Petroleum Strategies, LLC salespeople called prospective investors in several Canadian provinces to push units in an oil and gas drilling program. In response, the ASC permanently banned Global Petroleum Strategies, LLC from the market and ordered a $300,000 administrative penalty for illegally trading and distributing securities to investors without registration, a prospectus or applicable exemptions. As a result of inter-jurisdictional information sharing in this case, the following provinces also issued cease trade or reciprocal orders against Global Petroleum Strategies, LLC: Manitoba, New Brunswick, Ontario, Québec and Saskatchewan. This case highlights the reality that provincial and territorial securities regulators often deal with companies operating outside their jurisdictions.

> "In operating its classic boiler room – designed to inveigle the unwary into handing over their money – Global exhibited a cynical disregard both for investors and for the spirit (as well as the letter) of Alberta securities laws."
>
> – *ASC panel, ruling on the Global Petroleum Strategies, LLC case*

In the Matthews/Briand case, Earl Matthews, a U.S. citizen, and Reyanne Briand, who holds both Canadian and French citizenship, illegally solicited investments in an entity (Aid4families) via several internet websites. The case came to light in February 2007 when the Canadian Investor Protection Fund (CIPF) received an inquiry about a website soliciting investments which falsely stated that the CIPF insured investments made in G.I.S.P. Aid4families. The CIPF contacted Matthews and Briand and all references to CIPF were removed from the website. The CIPF also made a complaint to the AMF, at which time the AMF examined the website, concluded that it was used for illegal distribution purposes and successfully applied to the BDRVM to issue freeze orders on a number of bank accounts. Matthews and Briand refused to cooperate with the investigation and fled to Newfoundland and Labrador (NL). There were several victims in this case, all American, but only one couple came forward to the Financial Service Regulation Division (FSRD) in NL, complaining that they had invested $300,000 in Aid4families. The AMF worked with the FSRD, which froze Matthews and Briand's NL credit union accounts and brought in the RCMP. The efforts of the AMF, FSRD and RCMP resulted in criminal convictions for Matthews and Briand and jail sentences of three years each for fraud and six months (concurrent) for possession of stolen property.

Approximately 70 per cent of the investors' money in both Québec and NL was recovered. Expeditious inter-jurisdictional cooperation resulted in the successful conclusion of this investigation.

Inter-jurisdictional collaboration is increasingly important as online technology makes it ever easier to conduct capital market misconduct across borders.

Proactive Measures

Enforcement processes are often time consuming, and securities law violations are complex and multi-faceted, requiring lengthy investigations. However, CSA members take proactive measures whenever possible to safeguard Canadian investors while investigations proceed.

Proceedings commenced

The Letendre case is a good example of securities regulators being proactive and using innovative investigative techniques to protect Canadian investors. In cases of illegal distribution, investors are often attracted by information promising that the value of a security will jump. That's what Serge Letendre, who was not a registered securities dealer with the AMF, was offering with his advertisement on a classified ads website, an offer that was also put forth without a prospectus. Letendre proposed to sell securities to set up a network called "Système Clic-Québec" to distribute Québec goods and told investors that their $3,000 investment could be turned into millions of dollars. After the AMF received a complaint about that advertisement, an investigator posed as a potential investor in order to examine the legitimacy of the offering. The AMF successfully applied to the BDRVM to issue a cease trade order against Letendre, following an ex parte hearing.

In the Centre de traitement d'information de crédit (C.T.I.C.) Inc. and CITCAP Groupe Financier Inc. (CITCAP) case, the AMF and the New Brunswick Securities Commission (NBSC) worked together proactively to share relevant information and evidence. In April 2009, the NBSC issued an order which denied CTIC and CITCAP all exemptions under New Brunswick securities law and in May the AMF obtained a freeze order on the companies' known bank accounts and a cease trade order against various individuals. C.T.I.C. and CITCAP then began bankruptcy proceedings. In July, the initial bankruptcy trustee indicated that the money received from new investors was being used to pay other investors – classic signs of a Ponzi scheme. The AMF and NBSC estimate that the scheme, which is still under investigation, allegedly raised in the range of
$15 million. The AMF and NBSC's early involvement precipitated the return of more than $4 million to the bankruptcy trustee.

Early intervention by securities regulators can also halt activities that are impacting capital markets in Canada and abroad. In early 2009, the OSC issued interim orders to halt trading and froze assets shortly after receiving a

complaint from an investor. In obtaining the orders, staff of the OSC alleged that representatives of Nest Acquisitions and Mergers (Nest) contacted residents of the United Kingdom by telephone with offers to purchase, often at a significant premium, certain securities held by the U.K. residents. It was further alleged that, in order for the transactions to be completed, representatives of Nest would advise the U.K. resident that an "advance fee" had to be paid to the Nest bank account in Ontario before the transaction could proceed. Staff of the OSC also alleged that the residents of the United Kingdom who provided these "advance fees" to Nest did not subsequently receive what they had been promised by the representatives of Nest. Of particular concern is the fact that older investors seemed to have been targeted, as Nest documents make reference to a "seniors discount."

Securities regulators actively look for opportunities to use tools like freeze orders and cease trade orders to limit or contain harm to investors.

Miscellaneous

The following interesting case was not easily classifiable into one particular enforcement category.

Concluded cases

Nova Scotia's Clarke Inc. and Geosam Investments case is notable as a "public interest" prosecution. During an October 2005 meeting, directors and trustees of Advanced Fiber Technologies Income Fund (AFT), and Clarke Inc. and Geosam Investments became aware of an unsolicited bid that was about to be announced for all outstanding units of AFT. The respondents in the case acquired significant positions in AFT prior to the public release of the bid on February 14, 2006, but failed to exercise due diligence in determining whether or not the undisclosed information about the bid was material prior to trading in AFT units. The NSSC approved a settlement agreement wherein the two companies paid an administrative penalty of $400,000, plus an additional $15,000 each in costs.

Key Players in Enforcement

IN CANADA, A NUMBER OF LAWS AND RULES GOVERN CAPITAL MARKETS AND MARKET PARTICIPANTS; DIFFERENT AGENCIES ENFORCE THESE LAWS AND RULES. EACH FULFILLS DIFFERENT ROLES IN THE OVERALL REGULATION OF CAPITAL MARKETS. CSA MEMBERS ADMINISTER AND ENFORCE THE SECURITIES LEGISLATION IN EACH JURISDICTION; WHEREAS CRIMINAL AUTHORITIES ENFORCE THE CRIMINAL CODE, WHICH INCLUDES OFFENCES SUCH AS FRAUD AND MONEY LAUNDERING.

Securities Laws and Regulators

Securities legislation in each province and territory is comprised of a *Securities Act*, which provides the legal foundation for regulatory requirements related to the capital markets, along with any regulations or rules under each Act and any blanket ruling or order issued by CSA members. Securities legislation imposes duties on both issuers and registrants.

An effective regulatory enforcement regime is rooted in strategies that focus on investor protection and the prevention of future harm. CSA members, as securities regulators, investigate suspected securities-related misconduct, such as breaches of obligations by registrants with respect to clients, illegal sales of securities, or other securities law infractions.

Securities regulators may bring allegations of securities misconduct to a hearing before a securities commission or an associated tribunal. Securities legislation authorizes CSA members to impose or seek "administrative" sanctions for securities-related misconduct, including monetary sanctions and prohibitions from market participation or access. Such sanctions are intended to deter misconduct and to protect investors from future harm.

CSA members have no authority to order a term of imprisonment, but securities legislation can establish "quasi-criminal" offences for contraventions of regulatory requirements and prohibitions of certain activities related to the capital markets. Penalties for committing these types of offences can include a term of imprisonment and a significant fine. In some jurisdictions, staff may directly prosecute such cases in court. In others, securities regulators may refer allegations of certain "quasi-criminal" offences to a Crown attorney for prosecution in the courts.

Criminal Code and Authorities

The *Criminal Code*, a federal statute, establishes both specific securities-related criminal offences (such as market manipulation), and more general economic crimes (such as fraud) which could also capture some securities-related misconduct. Penalties imposed by the courts for criminal offences are intended to, among other things, punish those persons who have committed securities-related misconduct. Penalties for committing offences can include a lengthy term of imprisonment and a significant fine under the *Criminal Code*.

Two cases in the past year illustrate the interplay between the regulatory and criminal systems. In the case of Earl Jones, on July 7, 2009, the AMF received a complaint about Jones, who was not registered with the AMF. On July 9, the AMF asked the BDRVM to immediately freeze his assets. Criminal charges have since been laid, through a joint investigation involving the AMF, the police, other CSA members and the SEC.

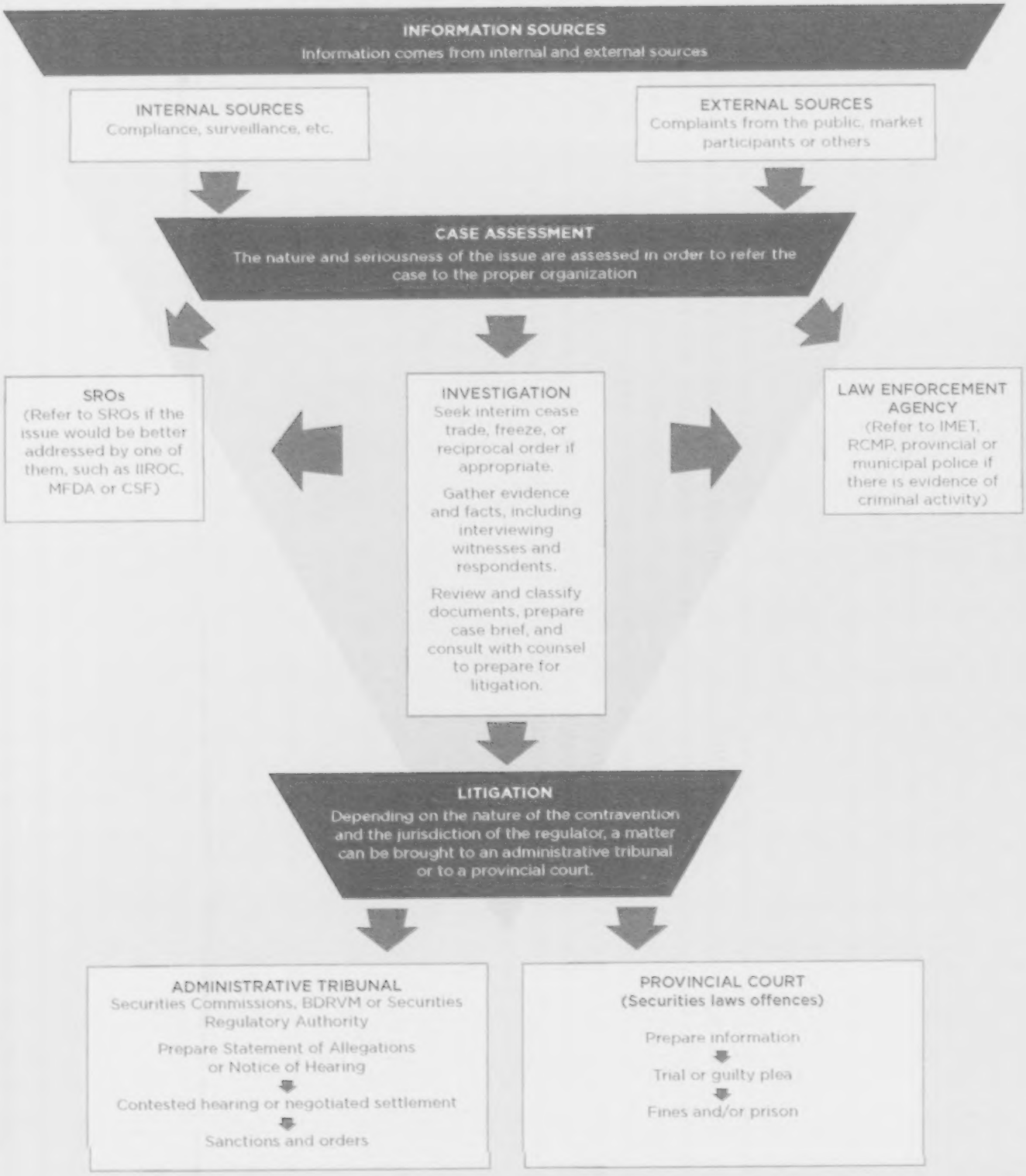
In September 2009, RCMP charged and arrested Gary Sorenson and Milowe Brost for allegedly diverting in excess of $100 million from thousands of investors between 1999 and 2008, in a Ponzi-type scheme. The criminal case stems from a referral by the ASC in 2005 when the ASC suspected criminal fraud during its own securities investigation. In 2007, the ASC found Brost engaged in conduct amounting to a fraud against investors and issued a record $650,000 administrative penalty and a lifetime ban from operating in Alberta's capital markets.

Generally, RCMP, local and provincial police investigate securities-related criminal offences. Integrated Market Enforcement Teams (IMETs) are groups within the RCMP, comprised of specialized investigators, which also investigate capital market offences.

Self-Regulatory Organizations (SROs)

Canadian securities regulators have recognized national self-regulatory organizations (SROs) to regulate investment dealers and mutual fund dealers, under the oversight of CSA members. The key SROs in Canada include the Investment Industry Regulatory Organization of Canada (IIROC), the Chambre de la sécurité financière (CSF), and the Mutual Fund Dealers Association of Canada (MFDA). SROs can discipline member dealers or their employees for breaching SRO rules. Sanctions include suspension or termination of membership or market access and monetary penalties.

The Enforcement Process


INFORMATION SOURCES
Information comes from internal and external sources
INTERNAL SOURCES
Compliance, surveillance, etc.
EXTERNAL SOURCES
Complaints from the public, market participants or others
CASE ASSESSMENT
The nature and seriousness of the issue are assessed in order to refer the case to the proper organization
SROs
(Refer to SROs if the issue would be better addressed by one of them, such as IIROC, MFDA or CSF)
INVESTIGATION
Seek interim cease trade, freeze, or reciprocal order if appropriate.
Gather evidence and facts, including interviewing witnesses and respondents.
Review and classify documents, prepare case brief, and consult with counsel to prepare for litigation.
LAW ENFORCEMENT AGENCY
(Refer to IMET, RCMP, provincial or municipal police if there is evidence of criminal activity)
LITIGATION
Depending on the nature of the contravention and the jurisdiction of the regulator, a matter can be brought to an administrative tribunal or to a provincial court.
ADMINISTRATIVE TRIBUNAL
Securities Commissions, BDRVM or Securities Regulatory Authority
Prepare Statement of Allegations or Notice of Hearing
Contested hearing or negotiated settlement
Sanctions and orders
PROVINCIAL COURT
(Securities laws offences)
Prepare information
Trial or guilty plea
Fines and/or prison

Key CSA Facts

	Canadian Total
Market Capitalization[1]	$ 1.58 trillion
Total Issuers[1]	4,012
Total Registrants (firms)[2]	2,033
Total Registrants (individuals)[2]	121,497
Pension Fund Assets[3]	$ 812 billion
Total Financial Wealth[3]	$ 2.34 trillion

1. Data from the TMX Group as of August 31, 2009
2. CSA members
3. Investor Economics, Household Balance Sheet, as of 2008 (Pension fund assets excludes CPP and QPP)

Key Facts by Jurisdiction

WHILE CANADIAN SECURITIES REGULATORS COLLABORATE UNDER THE CSA FRAMEWORK, EACH REGULATOR ALSO HAS ITS OWN UNIQUE FEATURES, REFLECTING THE NATURE OF THE CAPITAL MARKETS IN THAT PROVINCE OR TERRITORY. THIS SECTION DESCRIBES THOSE UNIQUE FEATURES, AS WELL AS SOME HIGHLIGHTS FROM 2009.

Alberta

- The Alberta Securities Commission (ASC) oversees Canada's second largest public capital market comprised of small, medium and large issuers with the highest average market capitalization value in Canada.
- The ASC continues to recognize the importance of and offer support to junior venture companies as 22 per cent of Alberta-based companies on the TSX started on the TSX Venture Exchange.
- In 2009, the ASC's FasTrac team continued to focus on real-time investigation of illegal insider trading cases. As a result, the ASC investigated and settled more illegal insider trading cases than in any other time in the ASC's history – nine cases settled, 131 files evaluated and 15 cases referred to other securities regulators.

- To achieve efficient, cost-effective and timely outcomes, the ASC implemented Rules of Practice for Commission Proceedings in 2009, which outlines the responsibilities of all parties during an ASC administrative proceeding.

British Columbia

- The British Columbia Securities Commission (BCSC) regulates the largest number of listed companies in Canada. Mining and mineral exploration companies make up more than half of the market capitalization of the listings on the TSX Venture Exchange. The BCSC has developed expertise in regulating this sector and leads a project to review NI 43-101 Standards of Disclosure for Mineral Projects.
- A large number of the BCSC's cases involve people and companies who raise capital through illegal distributions. The BCSC is focused on disrupting, stopping and preventing these activities, through halt trading and cease trade orders and issuing investor alerts to warn the public about suspicious activity.
- In 2008, the BCSC introduced new rules and requirements targeting abusive US over the counter market activity. In 2009, the BCSC issued cease trade orders against 157 companies for failure to comply with these requirements.
- To strengthen investor protection in B.C., the BCSC complements its administrative enforcement efforts by working with the B.C. Attorney General (the Crown) to prosecute securities-related cases through the courts.

Manitoba

- The Manitoba Securities Commission (MSC) administers both securities and commodities legislation in a provincial economy which has a diverse mixture of head offices and local businesses and Canada's only agricultural futures exchange.
- MSC staff continue to see a significant number of complaints involving retail consumer issues such as suitability and leveraging. The challenging markets this past year have led to an increase in the number of inquiries made to the MSC by investors.
- Since 2003 the MSC, following a hearing, has had the ability to order repayment to an investor for financial losses caused by improper or illegal conduct. In June 2009 the maximum amount of a claim that can be made to the MSC increased from $100,000 to $250,000. The ability to issue orders requiring repayment to an investor provides investors a cost free alternate to the civil court process.

New Brunswick

- The New Brunswick Securities Commission (NBSC) is the Crown corporation that regulates a developing capital market in the province. The Commission is a quasi-judicial tribunal.
- The NBSC's enforcement activities are guided by a strategy which promotes enforcement action that is timely, decisive and proportional to the severity of a violation. Enforcement activity covers as many different areas of a securities regulation as possible, with a particular emphasis on boiler room cases. The NBSC's administrative tribunal has the ability to issue reciprocal orders as well as disgorgement and compensation orders.
- Education and enforcement are important components of investor protection. The NBSC uses their "Invest in Knowing More™" investor protection campaign to heighten awareness of the fraud trends that the Enforcement Division is working on.

Newfoundland and Labrador

- The Financial Services Regulation Division of the Department of Government Services is responsible for the regulation of the securities industry and the enforcement of securities legislation / laws in Newfoundland and Labrador. Other industries which fall under the responsibility of the Division include: pensions, insurance, real estate, mortgage brokers and prepaid funerals.
- The Division works closely with the other CSA members as well as police and other law enforcement agencies in this and other jurisdictions.
- The focus of the Division is to protect the public through proactive intervention, the distribution of investment material, and by notifying the public when the Division becomes aware of illegal activity.
- A greater emphasis is being placed on criminal (both quasi-criminal and Criminal Code) prosecution.

Northwest Territories

- In the Northwest Territories, the Securities Office is the branch of the Department of Justice tasked with the regulation of the securities industry.
- The goal of the Securities Office is to be proactive, timely, and decisive on all matters dealing with the protection of investors and the integrity of capital markets. Accordingly, enforcement activity in the Northwest Territories covers a broad spectrum of securities issues.
- The Securities Office works closely with the other CSA members and law enforcement agencies both nationally and internationally.

Nova Scotia

- The Nova Scotia Securities Commission (NSSC) is an administrative tribunal and agency of the Government of Nova Scotia. The Compliance & Enforcement Branch conducts compliance examinations, carries out investigations and commences proceedings before the Commission. Quasi-criminal proceedings may also be brought before the Provincial Court or referred to a criminal authority for investigation and subsequent prosecution.
- The Nova Scotia enforcement team places a high priority on collaboration with other jurisdictions, and on working jointly through the CSA.
- The relative size of the province's capital market allows the NSSC to place a special focus on small retail investors in conjunction with a broad spectrum of securities issues.

Nunavut

- Securities regulation in Nunavut is handled by the Superintendent of Securities. Nunavut's new harmonized *Securities Act* came into force in late 2008.
- Officials in Nunavut monitor the market, exchange information with the principal regulator of companies that are active in the territory, and share information with other securities regulators.

Ontario

- The Ontario Securities Commission (OSC) is Canada's largest capital markets regulator. The Toronto Stock Exchange, the Canadian National Stock Exchange and numerous debt and equity alternative trading systems are located in Ontario.
- The OSC prosecutes matters in two forums: as administrative proceedings before the Commission and as quasi-criminal proceedings before the Ontario Court of Justice. The more egregious matters are brought before the Ontario Court of Justice.
- Market surveillance is a focus of enforcement staff at the OSC. Trading patterns are monitored for unusual activity. Staff move expeditiously for interim orders (both temporary cease trade orders and removal of exemptions and freeze directions) in circumstances where it is necessary to stop ongoing harm.
- The Joint Securities Intelligence Unit (JSIU), operational since 2001 and a partnership between the OSC and RCMP, with IIROC joining in 2005, is located at the OSC; the only fully integrated JSIU model in Canada. The mandate of the JSIU is to detect and deter criminal activity in the capital markets. In addition, the OSC has developed two specialized units: the Boiler Room Unit and the Insider Trading Unit. Both units investigate and prosecute their respective cases and the Boiler Room Unit acts quickly to disrupt illegal activity.

Prince Edward Island

- The PEI Securities Office is under the authority of the Office of the Attorney General.
- The Securities Office focuses on local enforcement issues and works closely with other CSA jurisdictions across Canada, as well as with IIROC and the MFDA.

Québec

- Québec's Autorité des marches financiers (AMF) is an integrated regulator, covering players such as insurance companies, credit unions, and financial services distributors as well as the capital markets.
- In quasi-criminal prosecution, the AMF has the power to obtain jail sentences from the court for securities-related infractions. In 2009, AMF obtained two jail sentences against Michel Maheux and Stevens Demers.
- In 2009, the AMF took a number of preventive measures to protect Canadians from financial fraud. One initiative involved working with trade unions and Revenue Canada to alert laid-off workers to the risks of fraud. This initiative saw more than 5,000 anti-fraud guides ("Red-Flagging Financial Fraud") distributed to workers.
- Since May 2009, the Integrated Financial Intelligence Team (IFIT), consisting of representatives of the AMF, the Sûreté du Québec and the RCMP has been working to facilitate the pooling of knowledge and exchange of information to identify situations or individuals at risk and to develop relationships with national and provincial investigative organizations.

Saskatchewan

- The Saskatchewan Financial Services Commission (SFSC) is Saskatchewan's primary regulator of the financial services industry, including the credit union system, insurance, pensions, securities, trust and loan companies, loan brokers and mortgage brokers. The Securities Division deals with contraventions of Saskatchewan securities laws.
- In 2009 the SFSC made its first financial compensation orders under new provisions in the Act. A hearing panel ordered that two respondents pay a total of $1.2 million to 52 claimants.
- In 2009 the SFSC's Enforcement Branch saw an increase in complaints against people operating in the exempt market and misusing the registration and prospectus exemptions. As one response the Director has issued cease trade orders against those who fail to file the required reports under National Instrument 45-106 Prospectus and Registration Exemptions.

Yukon

- The Yukon Securities Office is a unit within the Corporate Affairs branch of the Department of Community Services.
- Yukon's harmonized *Securities Act* came into operation on March 17, 2008. This Act provides the Superintendent of Securities with the ability to initiate investigations and impose sanctions in order to strengthen this jurisdiction's enforcement capability.

Appendix

Cases Concluded in 2009

Illegal Distributions

- 20/20 Diversified Income Trust (SK)
- 661946 B.C. Ltd (d.b.a. Wellspring Capital Group Ltd.); and 661948 B.C. Ltd. (d.b.a. Springpay Systems) (BC)
  - Settlement re: 661946 B.C. Ltd. (d.b.a. Wellspring Capital Group Ltd.) and 661948 B.C. Ltd. (d.b.a. Springpay Systems)
  - Order re: 661946 B.C. Ltd. (d.b.a. Wellspring Capital Group Ltd.) and 661948 B.C. Ltd. (d.b.a. Springpay Systems)
- Ali, Cem; Horizon FX Investments Limited Partnership, Horizon FX Investments Incorporated; and HFX Management Services Inc. (BC)
  - Settlement re: Ali, Cem
  - Order re: Ali, Cem
  - Notice of Discontinuance re: Ali, Cem; Horizon FX Investments Limited Partnership, Horizon FX Investments Incorporated; and HFX Management Services Inc.
- Baril, Pascal (QC)
- Berrie White Capital Corporation; and White, Matthew (NB)
  - Order re: Berrie White Capital Corporation; and White, Matthew
  - Settlement re: Berrie White Capital Corporation; and White, Matthew
- Bonfitto, Angela (QC)
- Broers, Daren M. (AB)
- Buscemi, Pino (QC)
- Canadian Rockport Homes Int'l Inc.; Malone, William; and Riis, Nelson (BC)
  - Order re: Canadian Rockport Homes Int'l Inc.; Malone, William; and Riis, Nelson
  - Settlement re: Canadian Rockport Homes Int'l Inc.; Malone, William; and Riis, Nelson
- Carling Development (B.C.) Inc.; and Integra Investment Services Ltd. (AB)
- Castleton Group, The; Beltway M&A; and Waverly M&A (BC)
- Charbonneau, Yvon (QC)
- Charbonneau, Yvon (QC) (PVM Capital Inc.)
- Cloutier, André (QC) (Written decision not available)
- Conrad, Everett (MB)
- Demers, Stevens (QC)
- Dion, Yves (QC)
- Doré, Nicole (QC)

- Edgeworth Ventures Inc. (SK) ▸
- Essen Capital Inc.; and Loman, Kevin (AB) ▸
- Fisgard Capital Corporation (SK) ▸
- Forest, Jacinthe (QC) ▸
- Gibson, Ryan Anthony; Rocky Mountain Gold Mining Inc.; and RMG Mining Inc. (BC)
  - Settlement re: Gibson, Ryan Anthony ▸
  - Order re: Gibson, Ryan Anthony ▸
  - Notice of Discontinuance re: Rocky Mountain Golding Mining Inc.; and RMG Mining Inc. ▸
- Global Petroleum Strategies, LLC (AB)
  - Merit order re: Global Petroleum Strategies, LLC ▸
  - Sanction order re: Global Petroleum Strategies, LLC ▸
- Global Trading Center LLC; Shapiro, Harris; and White, Kaye Simone Webster (AB) ▸
- Golden Gate Funds LP; and Anderson, Ernest (ON) ▸
- Heidebrecht, Sheldon; and Oceana Pictures Incorporated (MB) ▸
- Helmig, Renee Marie also known as "Nisha Helmig"; and O'Neill, Kerry John (BC)
  - Order re: Helmig, Renee Marie also known as "Nisha Helmig" ▸
  - Order re: O'Neill, Kerry John ▸
- Intercontinental Trading Group S.A.; Wallace, Roy; and McCory, Gary (NB)
  - Temporary Order re: Intercontinental Trading Group S.A.; Wallace, Roy; and McCory, Gary ▸
  - Notice of Hearing re: Intercontinental Trading Group S.A.; Wallace, Roy; and McCory, Gary ▸
  - Order re: Intercontinental Trading Group S.A.; Wallace, Roy; and McCory, Gary ▸
- Jarislowsky Fraser, Limited (SK) ▸
- Jennix, Roy (AB) ▸
- Jordan, Cynthia; McCaffrey, Allan; Shumacher, Michael; Smith, Christopher; and Zelyony, Michael (ON)
  - Order re: Jordan, Cynthia ▸
  - Order re: McCaffrey, Allan ▸
  - Order re: Shumacher, Michael ▸
  - Order re: Smith, Christopher ▸
  - Order re: Zelyony, Michael ▸
- Jung, Henry; Allen, David John; and Handford, Reginald Clarke (BC) ▸
- KCP Innovative Services Inc.; and Baker, James Woodrow (AB) ▸

- Lavoie, Daniel (QC) (Written decision not available)
- Locate Technologies Inc.; Tubtron Controls Corp.; Bradley Corporate Services Ltd.; 706166 Alberta Ltd.; Drever, Lorne; Niles, Harry; Cody, Michael; and Nason, Donald (NB)
  - Order re: Locate Technologies Inc.; Tubtron Controls Corp.; Alberta Ltd.; and Drever, Lorne ▸
  - Settlement re: Locate Technologies Inc.; Tubtron Controls Corp.; Alberta Ltd.; and Drever, Lorne ▸
  - Reasons re: Locate Technologies Inc.; Tubtron Controls Corp.; Alberta Ltd.; and Drever, Lorne ▸
  - Order re: Niles, Harry; and Bradley Corporate Services Ltd. ▸
  - Settlement re: Niles, Harry; and Bradley Corporate Services Ltd. ▸
  - Reasons re: Niles, Harry; and Bradley Corporate Services Ltd. ▸
  - Order re: Cody, Michael; and Nason, Donald ▸
  - Reasons re: Cody, Michael; and Nason, Donald ▸
- Malsbury Investment Corporation; and Malsbury, Shayne Lorne (AB) ▸
- Mankofsky, William; and McQuarrie, Gord (ON)
  - Order re: Mankofsky, William ▸
  - Order re: McQuarrie, Gord ▸
- Manna Trading Corp Ltd.; Manna Humanitarian Foundation; Legacy Capital Inc.; Legacy Trust Inc.; McLeod, Hal (Mick) Allan; Vaughan, David John; McMordie, Kenneth Robert also known as "Byrun Fox"; and Rosiek, Dianne Sharon (BC) ▸
- McErvel, Gaele (BC)
  - Settlement re: McErvel, Gaele ▸
  - Order re: McErvel, Gaele ▸
- Milot, Lise (QC) ▸
- Morgan Stanley & Co. Incorporated (BC)
  - Settlement re: Morgan Stanley & Co. Incorporated ▸
  - Order re: Morgan Stanley & Co. Incorporated ▸
- Morino, Maxso (QC) ▸
- Mulet, Jean-Yves (QC) ▸
- Murray, Bradley Andrew (NB) (Order to be posted once translated)
- Nadeau, Jean-Pierre (QC) (Written decision not available)
- Nadeau, Jean-Pierre (QC) (PVM Capital Inc.) (Written decision not available)
- NutriOne Corporation (ON) ▸
- P.R.A.T.I.C. 2000 Inc. (QC) ▸
- Petroleum Unlimited, LLC; and Kimmel, Roger A. Jr. (AB) ▸

- Pistilli, Robert (QC) (Written decision not available)
- Ressources Antoro Inc. (QC) ▸
- Richème, Christine (QC) ▸
- Rodney International; and Gittens, Michael A. also known as Alexander M. Gittens (ON) ▸
- Roy, Denis (QC) ▸
- Sea Sun Capital Corporation; Koch, Rodney; and Millington, Graham (AB)
  - Merit order re: Sea Sun Capital Corporation; Koch, Rodney; and Millington, Graham ▸
  - Sanction order re: Sea Sun Capital Corporation; Koch, Rodney; and Millington, Graham ▸
- Shopmédia Inc. (QC) ▸
- Sinclair, Matthew Scott (ON) ▸
- Strategic Energy Partners; and Palmer, Jim (NB)
  - Order re: Strategic Energy Partners; and Palmer, Jim ▸
  - Reasons re: Strategic Energy Partners; and Palmer, Jim ▸
- Sunningdale Group Inc.; Spaetgens, Victor; and Murray, Maureen (AB) ▸
- Sunwide Finance Inc., (a.k.a. Sun Wide Finance Inc., Sunwide Financial Inc., Sun Wide Financial Inc.); Sun Wide Group; Sun Wide Group Financial Insurers & Underwriters; Bowles, Bryan; Drury, Robert; Johnson, Steven; Kaplan, Frank R.; Pangilinan, Rafael; Romero, Lorenzo Marcos D.; and Sutton, George (ON) ▸
- Taylor, Michael W. (QC) (Written decision not available)
- Triclean Enterprises Inc. (MB)
  - Order re: Triclean Enterprises Inc. ▸
  - Reasons re: Triclean Enterprises Inc. ▸
- Usling, Gary (ON) ▸
- Vaillancourt, Line (QC) ▸
- Wheatfield Inc.; and Goodbrand, Gordon James (AB) ▸
- Wigmore, Arthur (AB) ▸
- Yargeau, Carmel (QC) (Written decision not available)

Misconduct by Registrants

- Adams, Barry (NB)
  - Order re: Adams, Barry ▸
  - Settlement re: Adams, Barry ▸
- Assante Financial Management Ltd. (NB)
  - Order re: Assante Financial Management Ltd. ▸
  - Settlement re: Assante Financial Management Ltd. ▸
- BMO Nesbitt Burns Inc.; Torres, Jaime Alejandro (BC) ▸
- Canaccord Capital Corporation (NS) ▸
- Canadian Imperial Bank of Commerce; and CIBC World Markets Inc. (ON) ▸
- CastleMoore Inc. (BC)
  - Order re: CastleMoore Inc. ▸
  - Settlement re: CastleMoore Inc. ▸
- Conseiller Interinvest Corporation du Canada Limitée (QC) ▸
- Desjardins Financial Security Investments Inc. (NS) ▸
- Financière Banque Nationale Inc. (QC) ▸
- Gestion de Patrimoine Intégralis (QC) ▸
- Griffiths, John David; and Digital World Financial Inc. (MB) ▸
- Hampton Securities Limited (QC) ▸
- HSBC Bank Canada (ON) ▸
- Investors Group Financial Services Inc. (BC)
  - Order re: Investors Group Financial Services Inc. ▸
  - Settlement re: Investors Group Financial Services Inc. ▸
- Investors Group Financial Services Inc. (NS) ▸
- IPC Investment Corporation (NS) ▸
- Les Investissements Archipel Inc.; Joneldy Capital Inc.; and Lehoux, Jonathan (QC) ▸
- National Bank Financial Ltd.; Nicholson, John William Duncan; and Percival, Edward Gordon Alexander (MB)
  - Order re: National Bank Financial Ltd.; Nicholson, John William Duncan; and Percival, Edward Gordon Alexander ▸
  - Reasons re: National Bank Financial Ltd.; Nicholson, John William Duncan; and Percival, Edward Gordon Alexander ▸
- Partenaires Evergreen Capital (QC) ▸
- Publicover, Taura Irene (NS) ▸

- Racette, Daniel (QC) ▸
- Reynolds, Randy Kenneth; and Digital World Financial Inc. (MB) ▸
- Royal Roads Corp. (NS) ▸
- Swift Trade Inc.; and Beck, Peter (ON) ▸
- Tri-Link Consultants Inc., also known as Tri-Link; and Link, Klaus (SK) ▸
- Union Securities Ltd. (NS) ▸
- USC Education Savings Plans Inc. (BC) ▸
  - Order re: USC Education Savings Plans Inc. ▸
  - Settlement re: USC Education Savings Plans Inc. ▸
- Valeurs Mobilières Banque Laurentienne Inc. (QC) ▸
- Watt Carmichael Inc.; Rowan, Roger D.; Carmichael, Harry J.; and McKenney, Michael (ON) ▸

Illegal Insider Trading

- Bint, William (AB) ▸
- Conrad, Elmer Keith (AB) ▸
- Dupasquier, Dalton Bruce (BC) ▸
- Grmovsek, Stanko Joseph (ON) ▸
- Hurani, Fadi (AB) ▸
- Hurani, Fadi (QC) ▸
- Kingma, Wytze (AB) ▸
- Landen, Barry (ON) ▸
- Laprade, Rene (AB) ▸
- Michaels, Gary Warren (AB) ▸
- Noble, John James Rickard (AB) ▸
- Paterson, John Gregory (BC) ▸
- Thakur, Rajeev (ON) ▸
- Theal, Christopher (AB) ▸
- Torudag, Kegam Kevin; and Chan, Lai Lai (BC) ▸
- Trainor, Gordon (AB) ▸

Disclosure Violations

- Afexa Life Sciences Inc.; Shan, Jacqueline; Brown, Gordon; Chan, Kit; Buddle, Harold; and Wight, Hunter (AB)
- Anderson, Benhard Andrew; Anderson, Benhard Andrew; Dawson, Walter A.; Chartrand, Luc; Gerlitz, John G.; Scott, Jeffrey J.; Wilson, Macdonald Scott; Ghazar, Vincent Emile; and Stevenson, Leslie Ryan (AB)
  - Order re: Anderson, Benhard Andrew February 26 2009
  - Order re: Anderson, Benhard Andrew March 24 2009
  - Settlement re: Dawson, Walter A.; Chartrand, Luc; Gerlitz, John G.; and Scott, Jeffrey J.
  - Settlement re: Wilson, Macdonald Scott
  - Settlement re: Ghazar, Vincent Emile
  - Settlement re: Stevenson, Leslie Ryan
- Biovail Corporation; Miszuk, John R.; Howling, Kenneth G.; and Crombie, Brian H. (ON)
  - Order re: Biovail Corporation
  - Order re: Miszuk, John R.
  - Order re: Howling, Kenneth G.
  - Order re: Crombie, Brian H.
- Canaccord Capital Corporation (QC)
- Drybrough, Adam; and Lucid St. Petersburg Holdings L.P. (AB)
- Foundation Capital Corporation; Spruce Ridge Capital Inc.; Spruce Ridge Estates Inc.; Beyer Consulting Ltd.; Aitkens, Ronald James; and Beyer, Roy Juergen (AB)
- Gestion Cristallin Inc. (QC)
- Goulet, Guy (QC)
- Loewen Ondaatjee McCutcheon Limited (QC)
- Marchés Mondiaux State Street Canada Inc. (QC)
- MF Global Canada Cie (QC)
- Research In Motion Limited; Balsillie, James; Lazaridis, Mike; Kavelman, Dennis; Loberto, Angelo; Cork, Kendall; Wright, Douglas; Estill, James; and Fregin, Douglas (ON)
- Rex Diamond Mining Corporation; Muller, Serge; and Holemans, Benoit (ON)
- Trottier, Jacques (QC)

Market Manipulation

- Delage, Darren (ON)
- Lo, Kwok-On Aloysius (ON)
- Misir, Devendranauth; and Cathcart, David (ON)
  - Order re: Misir, Devendranauth
  - Order re: Cathcart, David

Miscellaneous

- 9095-0049 Québec Inc.; Axia Consultant Inc.; IND Management Inc.; and Dracontaidis, John (QC)
- Clarke Inc.; Geosam Investments Limited (NS)
- Getta, Alexander also known as "Sandy" (NS)
- Kasner, Robert (ON)
- Lesperance, Shawn (ON)
- Maheux, Michel (QC)
- Maheux, Michel (QC)
- Marcoux, Michel (QC)
- Me F. (QC) (Confidential decision)
- Roy, Denis (QC)
- Stanford International Bank et al. (QC) (Confidential decision)

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